

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1254 – SB 1216

April 12, 2015

**SUMMARY OF ORIGINAL BILL:** Requires owners of a property interest to register the document related to the interest with the county register of deeds. Authorizes a judgment for unpaid property tax to be enforced against the debtor's other property. Authorizes enforcement of judgment through judgment liens, including durability, priority, and renewal, and makes such judgments no longer subject to the statute of limitation established by this chapter for unpaid property taxes. Authorizes local governments to retain all previous forms of enforcing debt payments for tax liens. Declares that property taxes remain a personal debt of the property owner or property owners as of January 1, and, when delinquent, may be collected by suit as any other personal debt. Declares that involved parties in tax proceedings have constructive notice of the property seizure. Requires 12 percent interest per year for redemption of property. Authorizes the court to determine when a redemption has been fully made. Declares that upon entry of an order of the court declaring that the redemption is complete, title to the parcel be restored. Authorizes lienholder who redeems the parcel to thereafter proceed to foreclose upon the parcel or otherwise enforce such lien. Generally limits challenges to delinquent tax sales.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Revenue – Up to \$100,000/Permissive

**SUMMARY OF AMENDMENTS (005730, 006229):** Amendment 005730 deletes and replaces certain language of the bill such that the amended bill authorizes enforcement of unpaid property tax to be made through garnishment, execution, or otherwise, and may also be recorded as a lien in one or more offices of the register of deeds. Defines property taxes as a personal debt of the property owner on January 1 of the tax year which may be collected by suit if delinquent. Removes requirement from the bill regarding certified mail or other forms with return receipt for notice. Requires person who's notice of a proceeding was accepted by a third party to prove the third party was prohibited from receiving this notice in order to challenge the sufficiency of service. Declares that upon entry of an order of the court declaring that the redemption is complete, title to the parcel shall be restored. Authorizes lienholder who redeems the parcel to thereafter proceed to foreclose upon the parcel or otherwise enforce such lien.

Amendment 006229 exempts property tax proceedings, property tax liens, or the enforcement of property tax liens from the taxpayer remedies for disputed taxes enumerated in the Tennessee Code Annotated, Title 67, Chapter 1, Part 18.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

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**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- The bill is permissive in that it allows local governments options in enforcement.
- Based on information the County Technical Assistance Service (CTAS) and COT, by limiting challenges to tax sales for delinquent properties, this will return properties to the tax rolls more quickly, thus increasing local revenue.
- Due to unknown factors such as the number tax sale cases quieted through tools of this legislation, as well the frequency with which counties will use these tools, the fiscal impact of this bill cannot be determined with certainty. However, and based on information provided by the COT, the permissive and recurring increase in local revenue is estimated as an amount up to \$100,000 per year. Further, COT reports that the changes made by the amendment will not substantively affect the fiscal impact of the bill.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "Jeffrey L. Spalding". The signature is written in a cursive, flowing style.

Jeffrey L. Spalding, Executive Director

/maf